

### **3. Revenue & Expenditures**

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**Notes**

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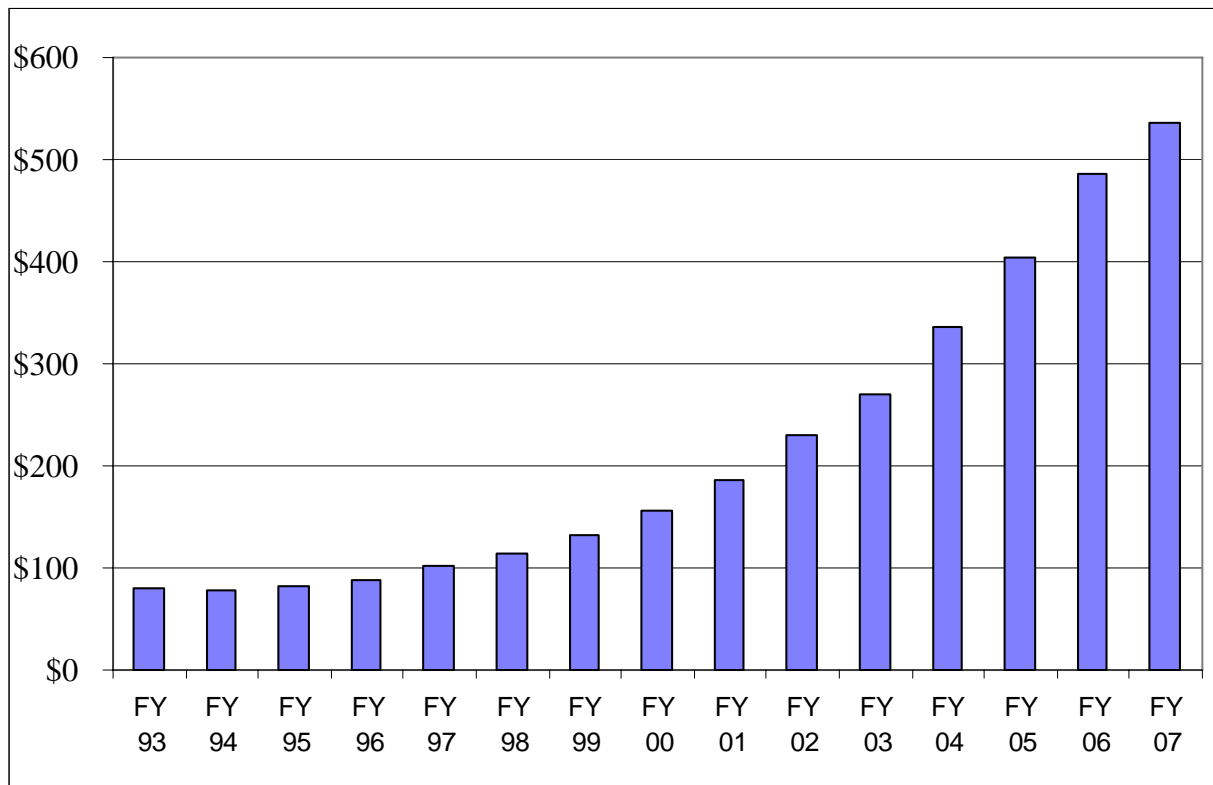
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## Real Property Taxes

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Real property revenues have increased dramatically over the last several years. The FY 07 budgeted real property tax revenue is 10% higher than FY 06. The real property tax is the County's largest source of revenue. For FY 07, the budgeted real property tax revenue as a percentage of the total General Fund revenue is 63%, and the budgeted real property tax revenue as a percentage of the total County Government and Schools budgeted operating expenditures is 60%.

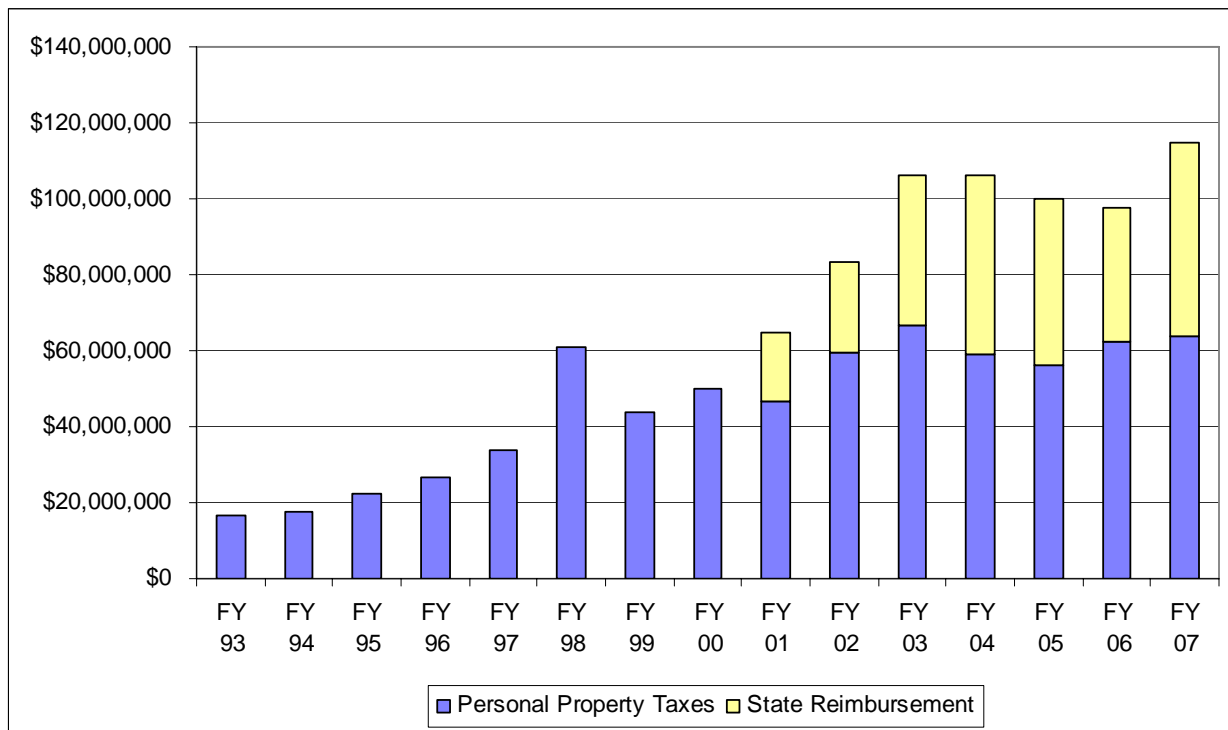
**Real Property Taxes  
FY 1993 - FY 2007  
(in millions of dollars)**



## Personal Property Taxes

The budgeted personal property tax revenue for FY 07 is 18% more than budgeted for FY 06. In FY 98, personal property tax revenue increased 79% due to the implementation of the semi-annual personal property tax billing and collection, such that CY 1997 taxes were collected in November 1997 and an extra FY 98 collection for one-half of CY 1998 taxes was collected in May 1998. Continued population growth and consumer demand for new vehicles help drive this revenue source. Over the past several years, the personal property tax rate has remained at \$4.20 per \$100 of assessed value.

### Personal Property Taxes FY 1993 - FY 2007



*Note 1: The budgeted FY 1998 personal property tax revenue reflects the extra one-half year's collection related to the implementation of the semi-annual collection of personal property taxes, which began in May of 1998.*

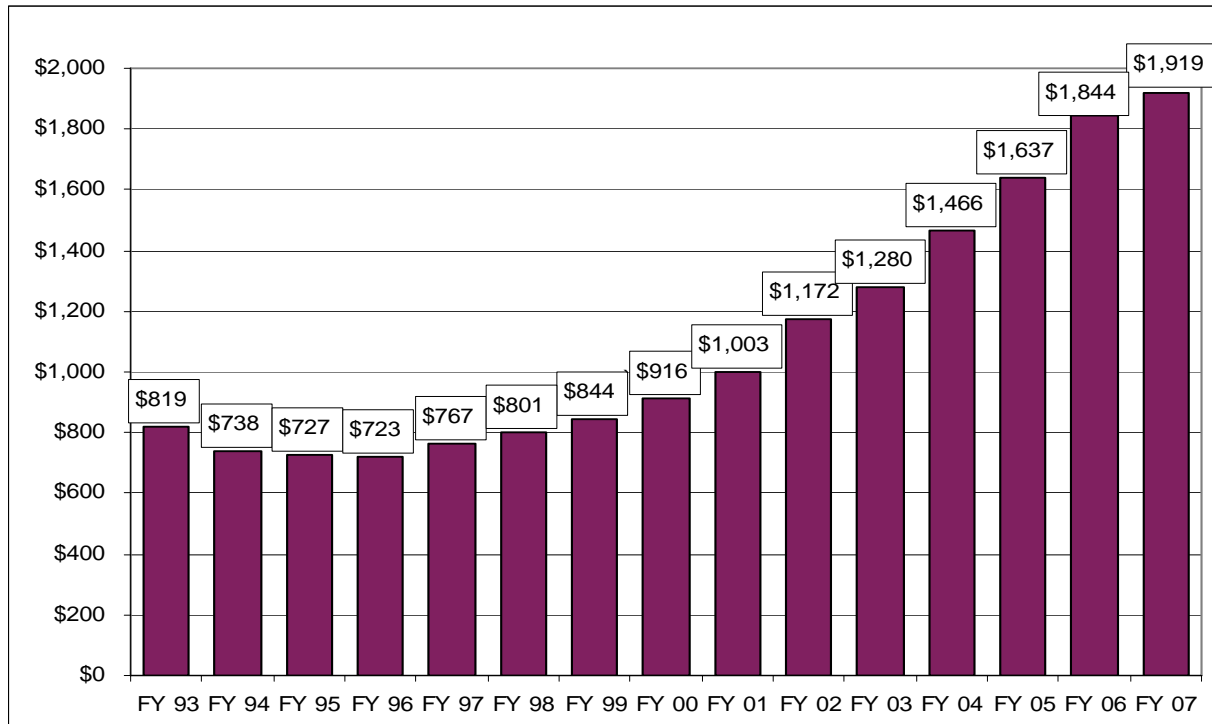
*Note 2: The State began providing a partial reimbursement for the personal property tax on automobiles beginning in 1999. The Personal Property Tax Reduction Act reduced the bill on the first \$20,000 assessed per residential vehicle by an increasing amount through 2001, when the reimbursement rate was capped at 70%. The County continues to collect 100% of the personal property tax on the assessed value of a vehicle that is above \$20,000.*

*Note 3: Through calendar year 2005, the State will reimburse the County for the revenue lost by the personal property tax reduction. The 2004 State General Assembly set a firm monetary limit on the total reimbursement provided to localities beginning in 2006.*

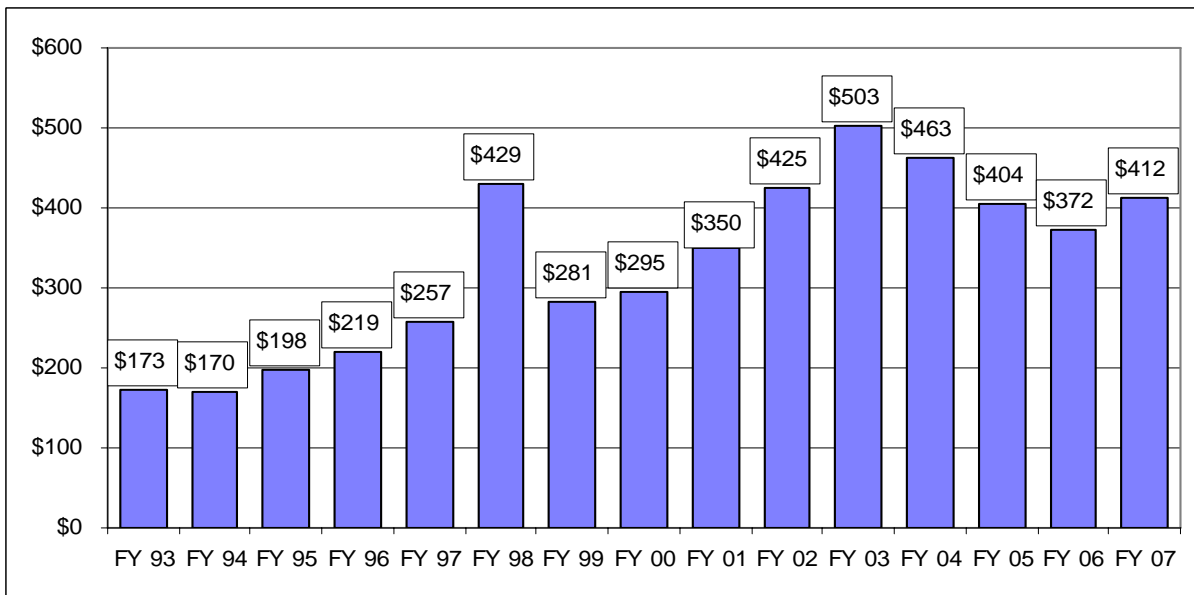
## Personal Property and Real Property Taxes Per Capita

Real property tax revenue per capita increased 4% in FY 07. Personal property tax revenue per capita increased 11% in FY 07. The personal property tax revenue per capita amount includes the reimbursement of funds from the Commonwealth of Virginia to Loudoun County to replace revenue lost due to the State's reduction in the personal property tax on the first \$20,000 of the value of vehicles. The County's budgeted State reimbursement figure for FY 07 is \$50,944,000.

**Real Property Tax Revenue per Capita  
FY 1993 - FY 2007**



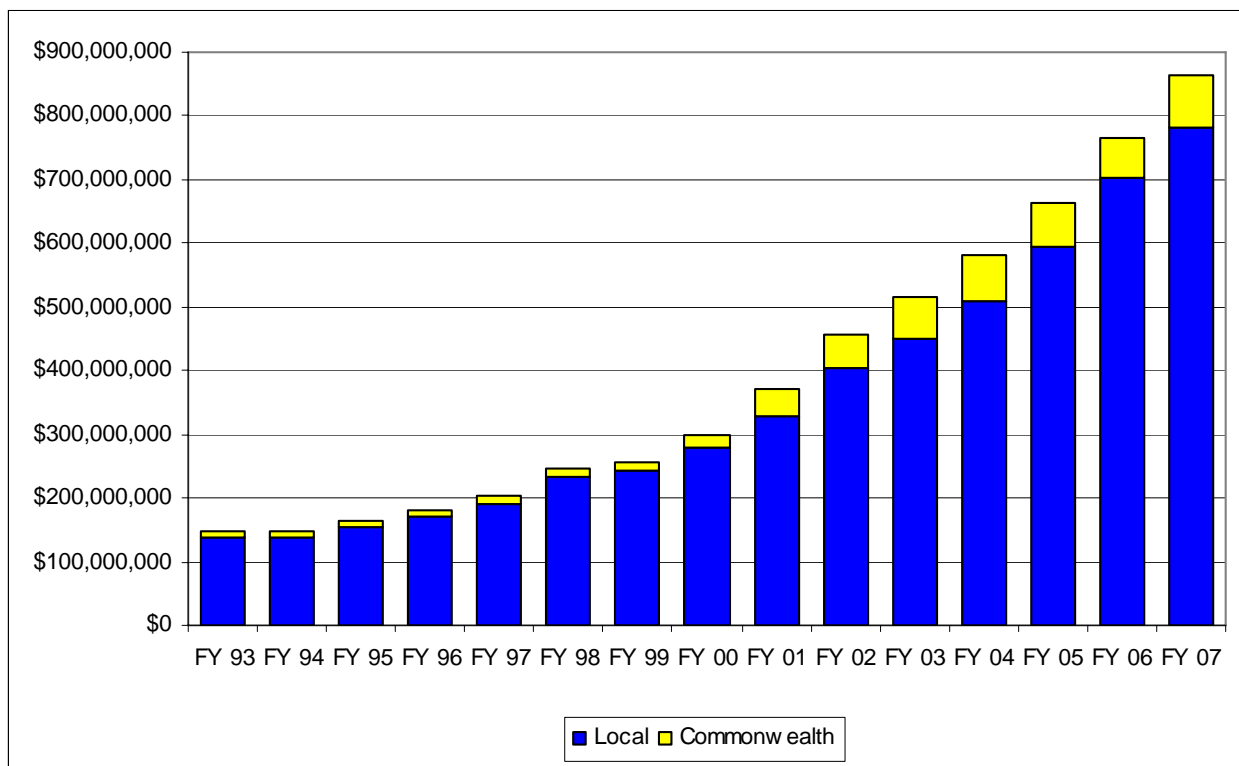
**Personal Property Tax Revenue per Capita  
FY 1993 - FY 2007**



## Local and Commonwealth Revenues

In general, budgeted local revenue is increasing. Budgeted local revenue increased 11.4% in FY 07. Revenue from the Commonwealth increased 31.8% in FY 07, from \$62,465,000 to \$82,300,000. For the FY 01 – FY 07 budgets, Commonwealth Revenue includes the State's property tax reimbursement to Loudoun County for tax revenue lost due to the State's reduction in the personal property tax for the first \$20,000 of assessed value of a vehicle. This represents the conversion of a local revenue source to a Commonwealth revenue source. The budgeted Commonwealth revenue for FY 07, exclusive of the State's personal property tax reimbursement, increased 15.4% compared with the FY 06 amount.

### Revenue from Local Sources and the Commonwealth FY 1993 - FY 2007



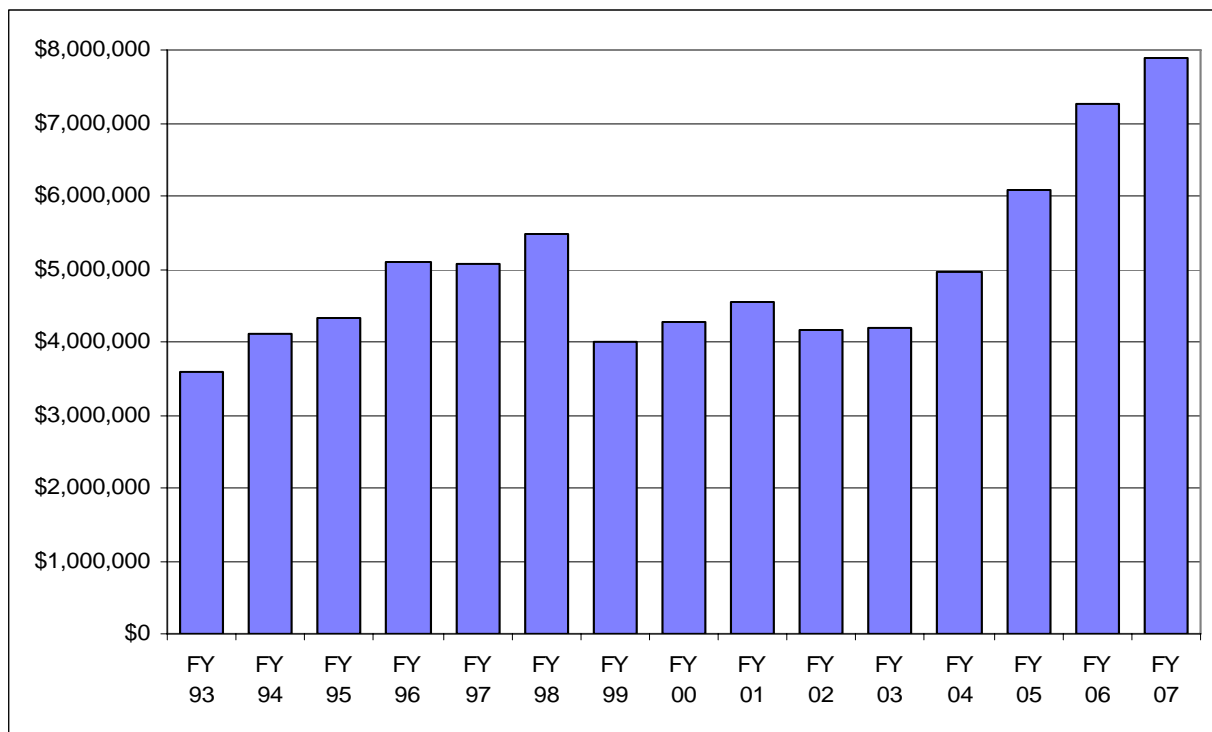
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## Federal Revenue

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Federal revenue, mostly in the form of program specific grants, increased dramatically during FY 93 due to the County's receiving more federal grants in a variety of different categories. Federal revenue remained on an increasing trend until FY 99, when federal revenue decreased 27%. From FY 99 to FY 03, federal revenue was relatively stable within a narrow range, averaging \$4.2 million in aid each year. Federal revenues have increased from FY 04 to FY 07, increasing 23% from FY 04 to FY 05, 19% from FY 05 to FY 06, and 9% from FY 06 to FY 07. Per capita federal revenue has increased the past three years, to correspond with an increase in overall federal aid to the County, increasing 9% in FY 04, 14% in FY 05, 12% in FY 06, and 9% in FY 07.

**Federal Revenue  
FY 1993 - FY 2007**



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## General Fund Revenue Sources

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Since FY 93, local revenue has accounted for around 90% of the County's total general fund revenue. Commonwealth revenue increased significantly since the FY 01 budget due to the inclusion of the state's personal property tax reimbursement. Excluding the personal property tax reimbursement, Commonwealth revenue from FY 03 to FY 07 remains below the level of state funding the County received in FY 02, and has declined from 7% of total budgeted revenues in FY 01 to 4% from FY 04 onwards. The State is failing to adequately fund the County's operations from year to year. After decreasing 8% in FY 02, federal revenue has increased significantly, averaging a 20% increase per year in FY 04, 05, 06, and 9% increase in FY 07.

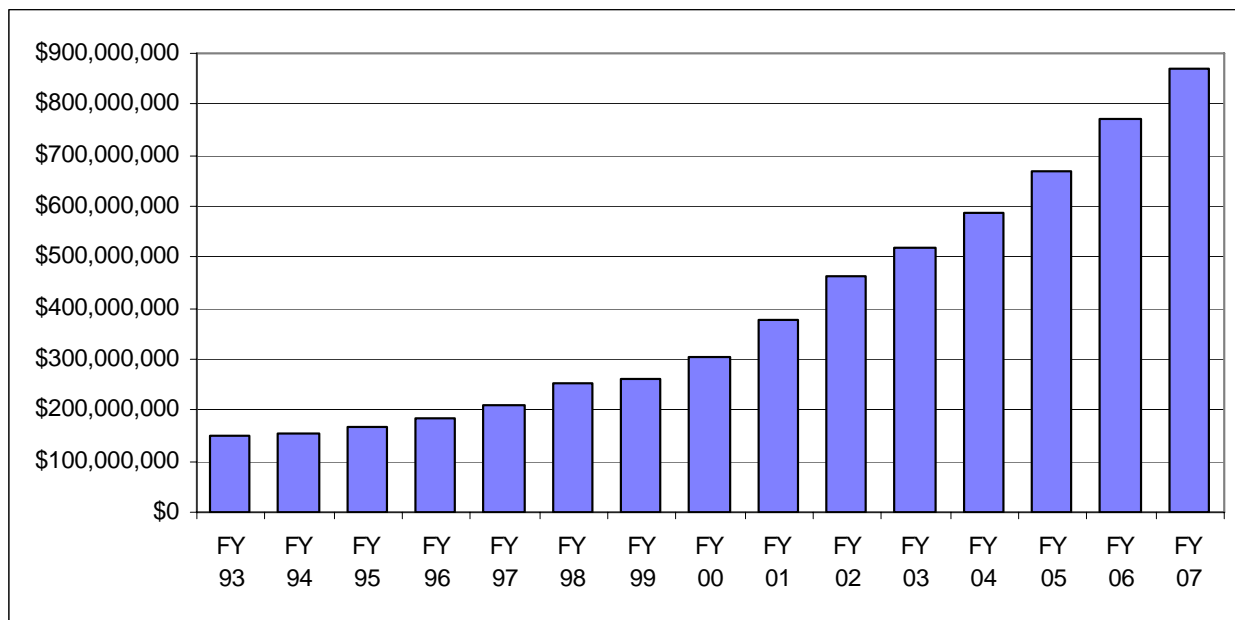
### Revenue Sources

<u>Fiscal Year</u>	<u>Local Revenue</u>	<u>Commonwealth Revenue</u>	<u>Federal Revenue</u>
1993	\$136,725,510	\$10,554,922	\$3,601,560
1994	137,770,649	11,436,142	4,109,986
1995	153,832,910	10,949,518	4,316,241
1996	169,246,357	11,950,957	5,084,842
1997	190,622,785	12,559,414	5,077,355
1998	232,232,861	15,126,238	5,469,084
1999	241,832,327	15,911,107	4,013,599
2000	278,810,282	21,081,305	4,279,557
2001	328,631,345	43,840,358	4,543,149
2002	404,868,902	52,813,724	4,173,591
2003	448,585,015	65,992,809	4,187,092
2004	510,126,309	71,728,899	4,964,401
2005	593,511,360	69,870,335	6,091,469
2006	702,137,875	62,465,079	7,262,132
2007	781,949,137	82,299,765	7,891,511

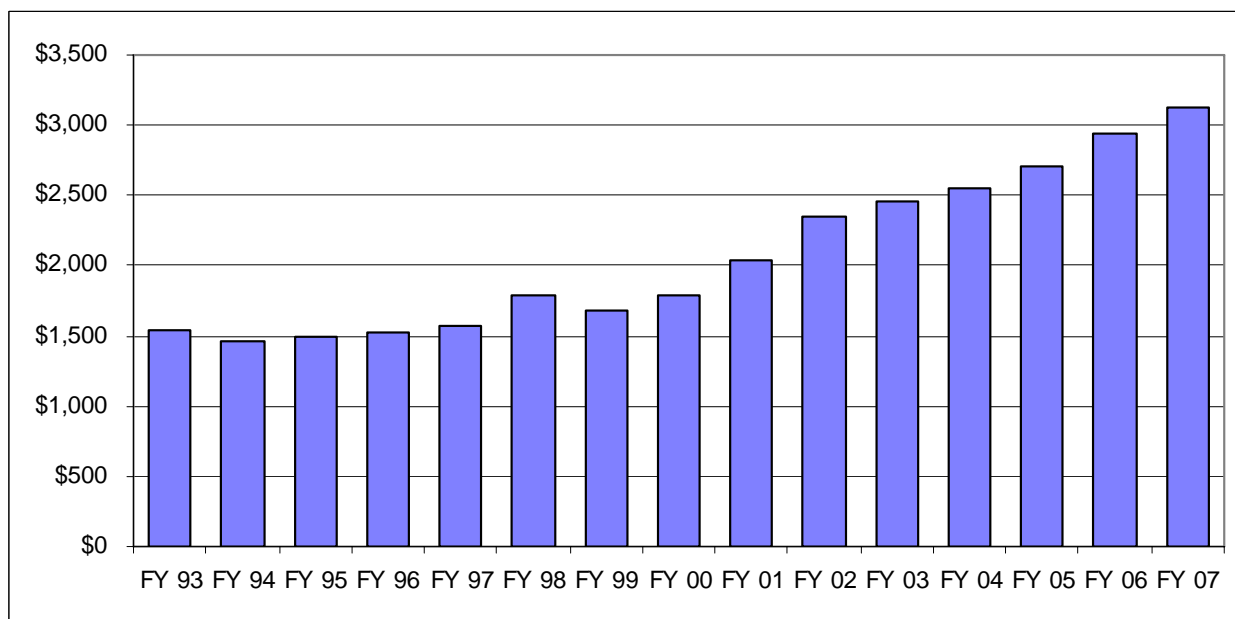
## Total General Fund Revenue

Budgeted general fund revenue and revenue per capita have been on an increasing trend since FY 90. In FY 98, revenue increased significantly because it included the additional tax revenue that was generated by the implementation of the semi-annual collection of personal property taxes in May 1998. FY 076 revenue is projected to be 13% higher than what was budgeted for FY 06.

**Total Revenue  
FY 1993 - FY 2007**



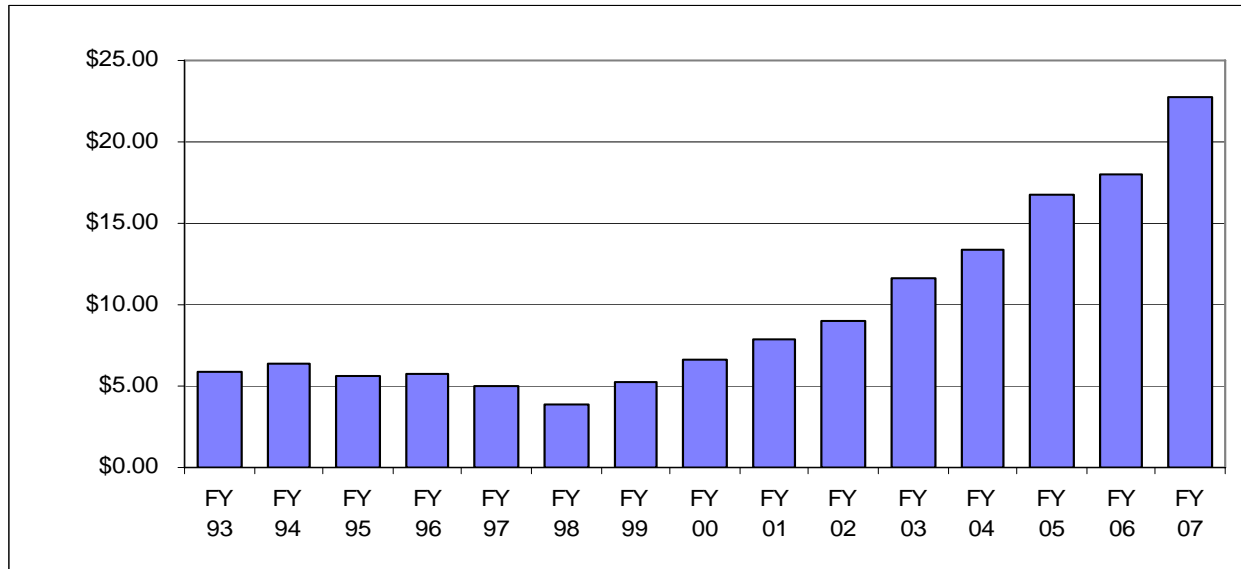
**Total Revenue per Capita  
FY 1993 - FY 2007**



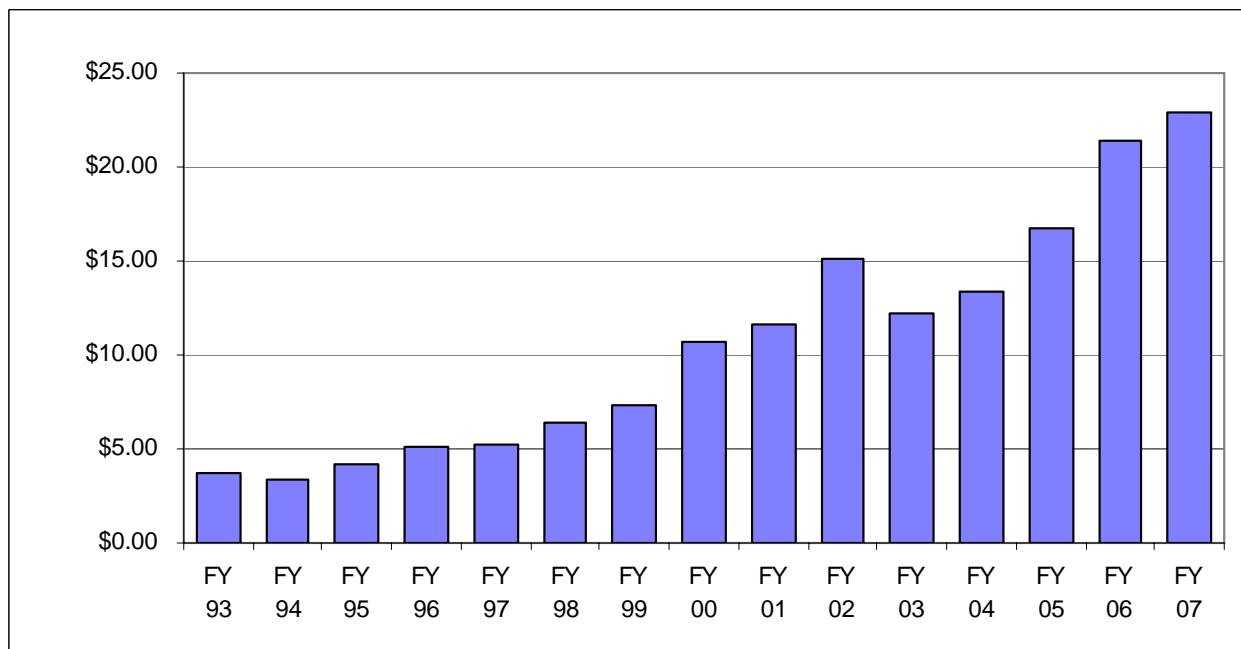
## Charges for Services and Permits & Privilege Fees (Revenue)

Budgeted revenues from both charges for services and for permits and privilege fees continue to increase. The FY 07 revenue for charges for services increased 25.9% from FY 06. Revenue from permits and privilege fees, some of which are for building permits, zoning permits, and dog licenses, increased 7% from FY 06. Budget increases for FY 07 reflect observed trends in actual revenues in recent years.

**Charges for Services  
FY 1993 – FY 2007  
(in millions of dollars)**



**Permits and Privilege Fees  
FY 1993– FY 2007  
(in millions of dollars)**



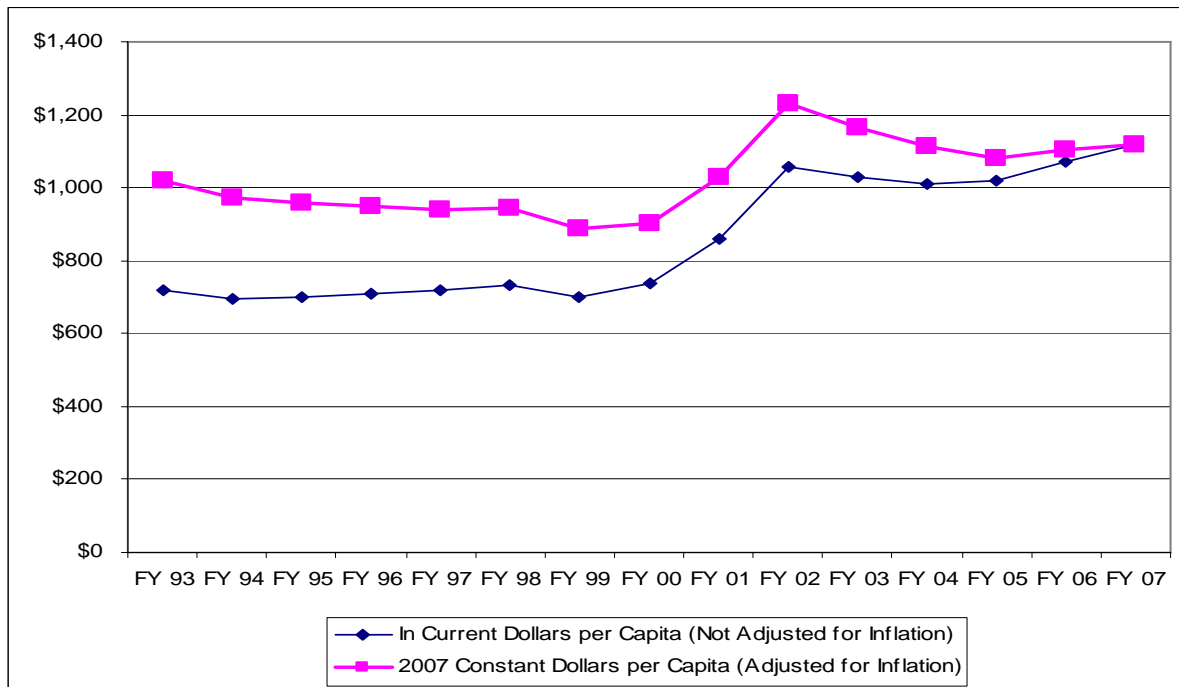
## General Government Expenditures Per Capita

Per capita spending in constant dollars in FY 07 is slightly less than it was in FY 93. Per capita spending in constant dollars decreased an average of 6.3% between FY 92 - FY 95, reflecting the recession of the early 1990's. Spending between FY 00 and FY 02 increased an average of 11.8% per year reflecting the increased need for public services and facilities due to the tremendous population increases of the late 1990's and early 2000's. Since FY 04, per capita spending has leveled off as the economy strengthens.

### General Government Expenditures per Capita

<u>Fiscal Year</u>	<u>Current \$'s</u>	<u>2006 Constant \$'s</u>	<u>Percentage Change in 2006 Constant \$'s</u>
1993	\$718	\$978	\$-9.71
1994	697	933	-4.62
1995	699	917	-1.74
1996	712	908	-0.93
1997	719	902	-0.73
1998	731	905	0.40
1999	702	850	-6.07
2000	737	866	1.78
2001	861	984	13.74
2002	1,057	1,181	19.95
2003	1,029	1,118	-5.31
2004	1,009	1,066	-4.66
2005	1,020	1,049	-2.78
2006	1,072	1,072	1.87
2007	1,117	1,117	1.36

### Expenditures Per Capita in Current Dollars and in 2006 Dollars: FY 1992 - FY 2006



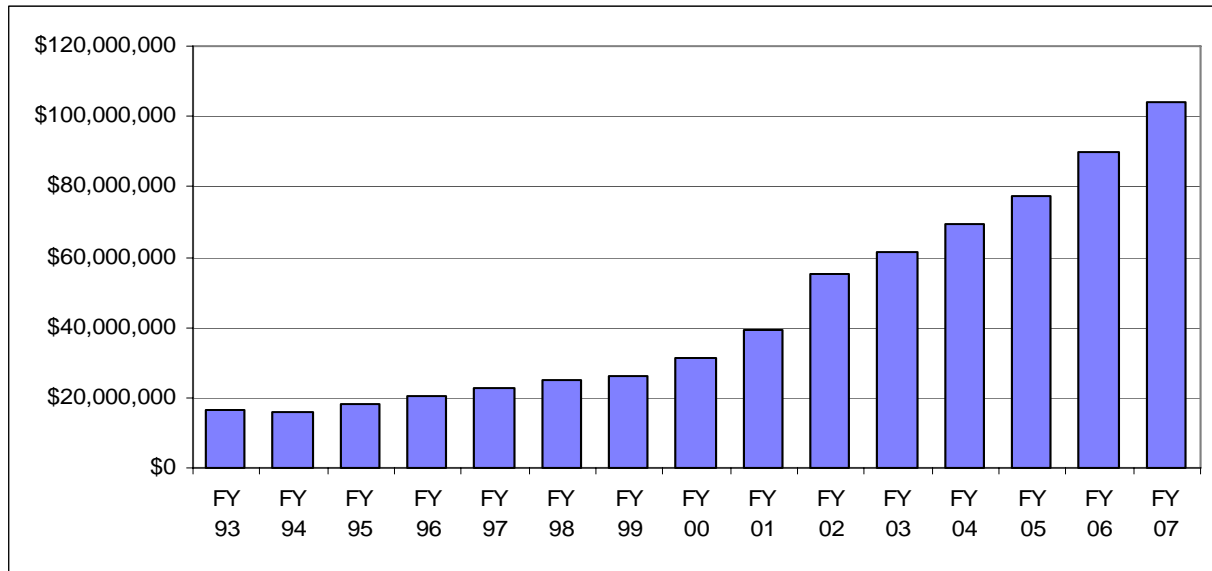
Note 1: The general government budgeted expenditures for FY 01 include a transfer to the Self Insurance Fund.

Note 2: The general government budgeted expenditures for FY 02 – FY 05 include transfers to the Self Insurance Fund, Public Safety Communications Fund, and the Federal Foster Care Reimbursement Fund.

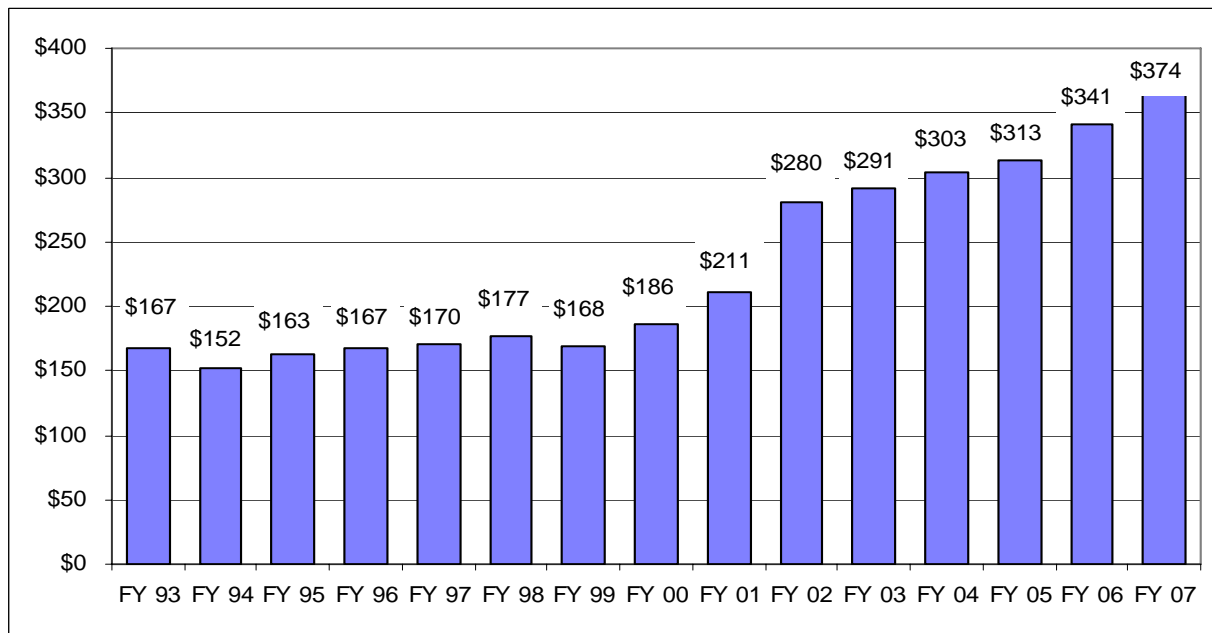
## Public Safety Expenditures

Expenditures budgeted for public safety purposes have increased to correspond with the County's growing population. Expenditures increased 16.3% in FY 07, 16% in FY 06 and 11.1% in FY 05. Per capita public safety expenditures are also on an increasing trend, increasing 9.7% in FY 07, 9% in FY 06, and 3.1% in FY 05. The growth in expenditures is outpacing the population growth rate. The following departmental expenditures for public safety will increase in FY 07: Fire and Rescue by 17%, Sheriff's Office by 16.1%, Juvenile Court Services Unit by 18.6%, Community Corrections by 14.2% and Animal Care & Control by 8.7%.

**Public Safety Expenditures  
FY 1993 - FY 2007**



**Public Safety Expenditures per Capita  
FY 1993 - FY 2007**

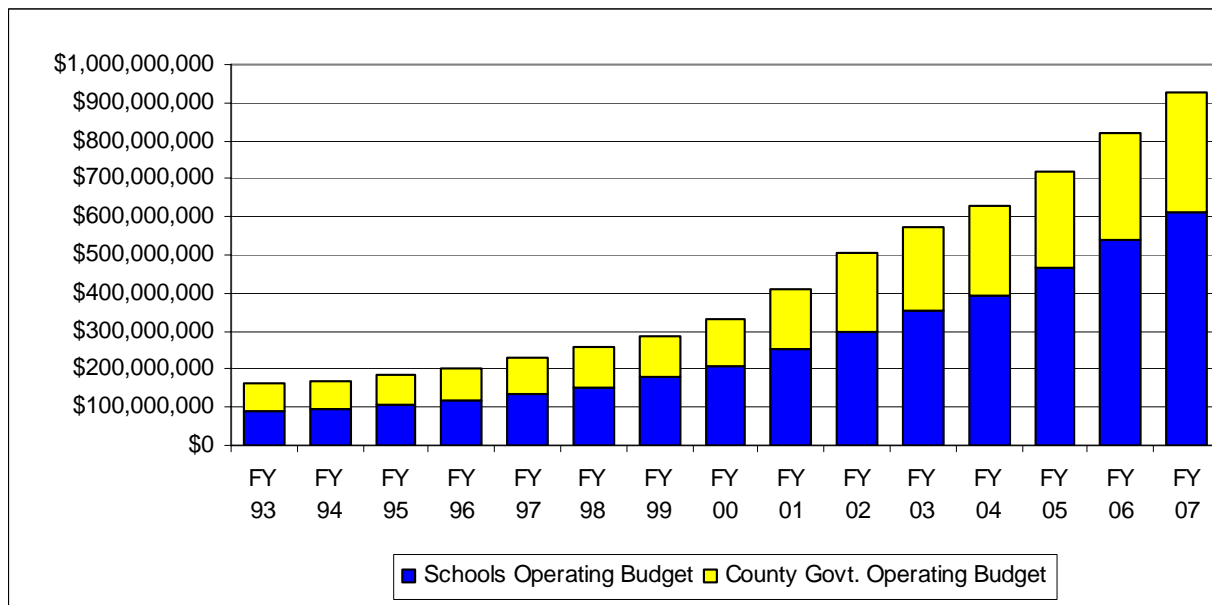


## County Government and Schools Operating Budgets

During the past several years, the county government's operating budget increased more slowly than the operating budget for the school system. During the period from FY 92 through FY 06, the county government's operating budget increased at an average annual rate of 9.5%, while the school system's operating budget increased at an average annual rate of 12.7%. The county's high growth rate in the school age population has fueled the school system's increased expenditures.

<b><u>Fiscal Year:</u></b>	<b><u>County Government</u></b>	<b><u>School Operating Fund</u></b>	<b><u>Total</u></b>
1993	\$71,959,546	\$91,968,794	\$162,151,402
1994	73,200,892	93,516,262	166,717,154
1995	78,929,732	104,292,265	183,221,997
1996	86,525,351	116,289,089	202,814,440
1997	95,195,643	135,414,312	230,609,955
1998	103,691,724	152,788,376	256,480,100
1999	109,724,319	179,357,161	289,081,480
2000	125,067,865	209,141,515	334,209,380
2001	159,324,936	251,584,478	410,909,414
2002	207,566,825	297,093,646	499,557,277
2003	217,333,229	355,764,893	567,907,402
2004	231,440,757	395,611,766	620,321,913
2005	252,192,778	469,011,715	721,204,493
2006	281,988,480	537,542,494	819,530,974
2007	311,462,073	613,856,662	925,318,735

**Adopted County Government and School Operating Budgets: FY 1993 - FY 2007**



*Note 1: The general government budgeted expenditures for FY 01 include a transfer to the Self Insurance Fund.*

*Note 2: The general government budgeted expenditures for FY 02 – FY 05 include transfers to the Self Insurance Fund, Public Safety Communications Fund, and the Federal Foster Care Reimbursement Fund.*

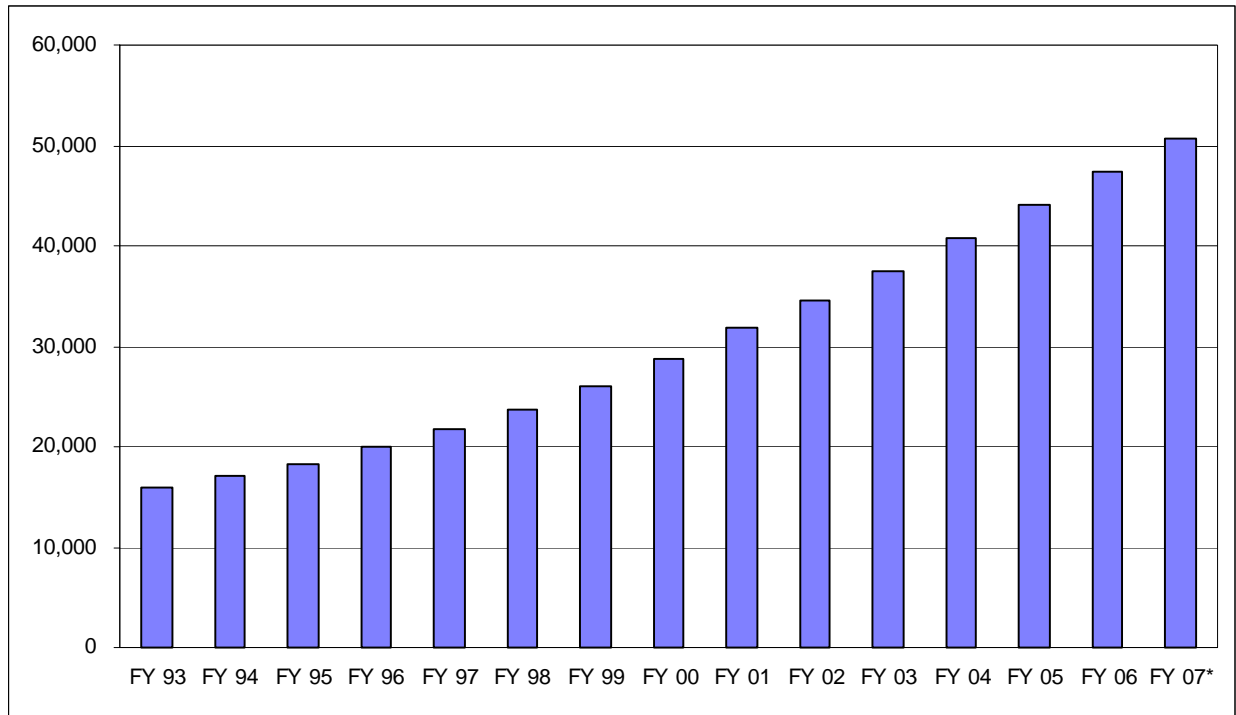
## Loudoun County School System Enrollment

Since FY 93, public school enrollment has been on a significant increasing trend. School enrollment is projected to increase 8% in FY 06, having already increased 8% in FY 05. Projected school enrollment growth exceeds the County's 2006 projected population growth rate of 6.4%.

### Public School Enrollment FY 1993 – FY 2007

1993	15,887
1994	17,067
1995	18,270
1996	19,967
1997	21,733
1998	23,782
1999	26,091
2000	28,787
2001	31,804
2002	34,589
2003	37,375
2004	40,751
2005	44,014
2006	47,467
2007*	50,740

### Public School Enrollment FY 1993 - FY 2007



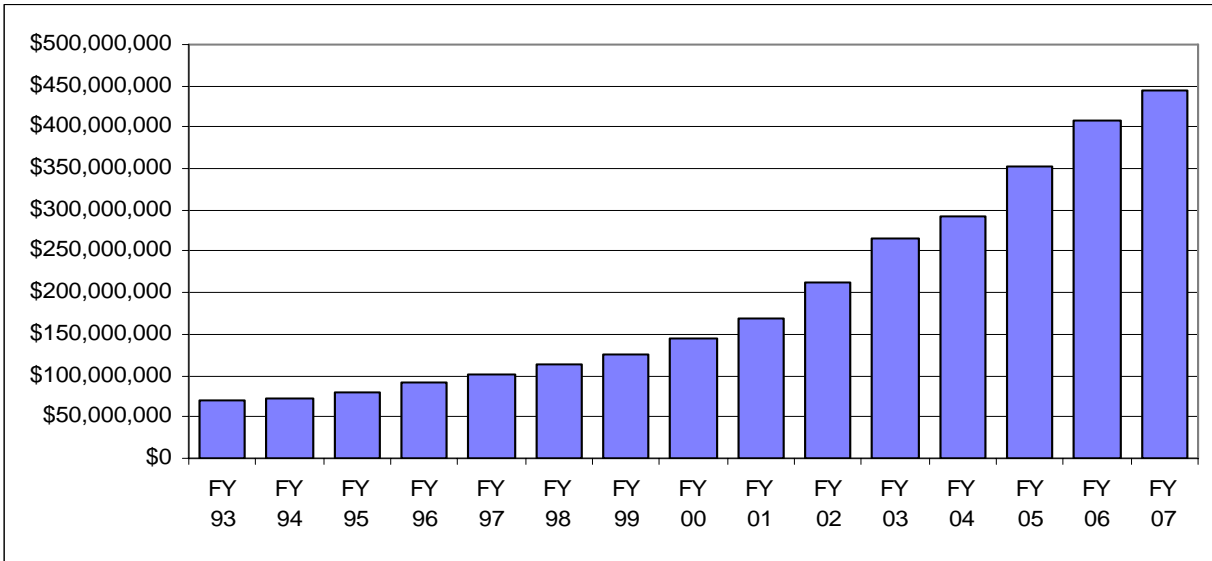
\* Projection

Source: School Board Adopted Capital Improvements Program

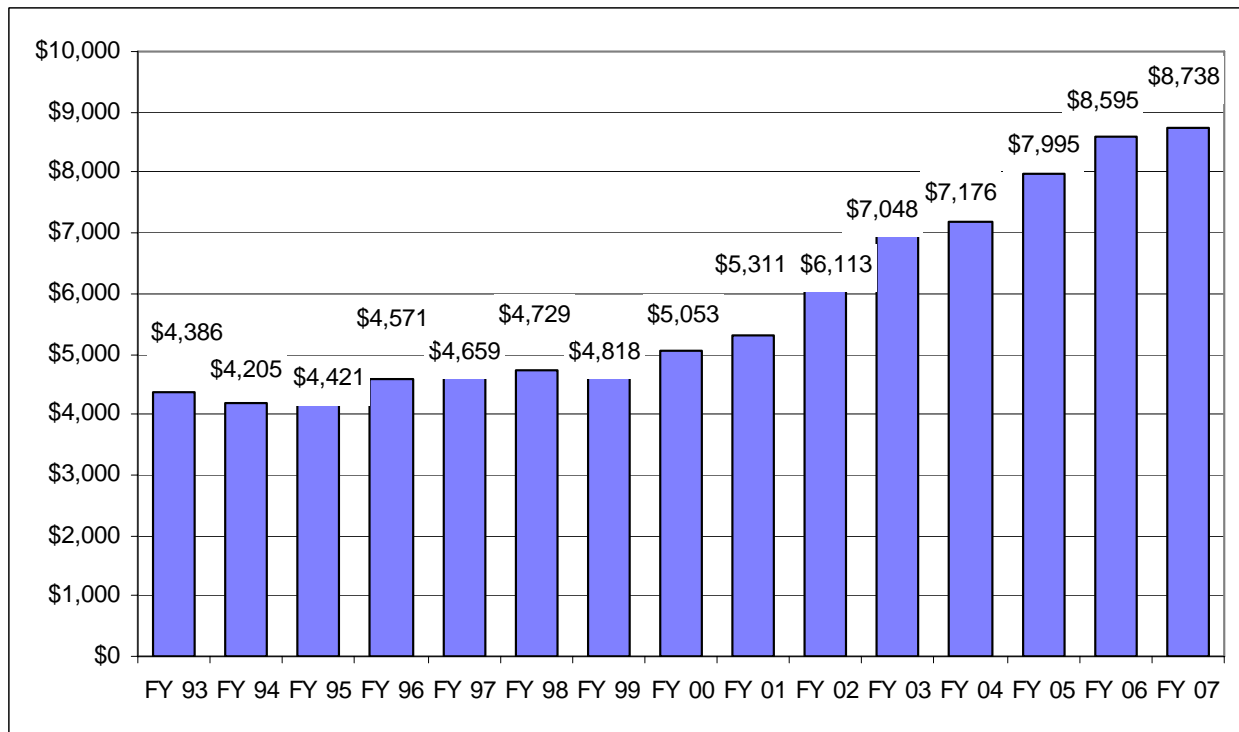
## General Fund Transfer to Schools – Total & Per Pupil

As public school enrollment has grown, general fund transfers to the school system have increased, with significant annual increases since FY 95. The general fund transfer to the school system increased 8.9% for the FY 07 budget, less than the 15.7% general fund transfer increase in FY 06. The general fund transfer per pupil has been on an increasing trend since FY 99, and is projected to increase 1.7% in FY 07.

**General Fund Transfer to School System  
FY 1993 - FY 2007**



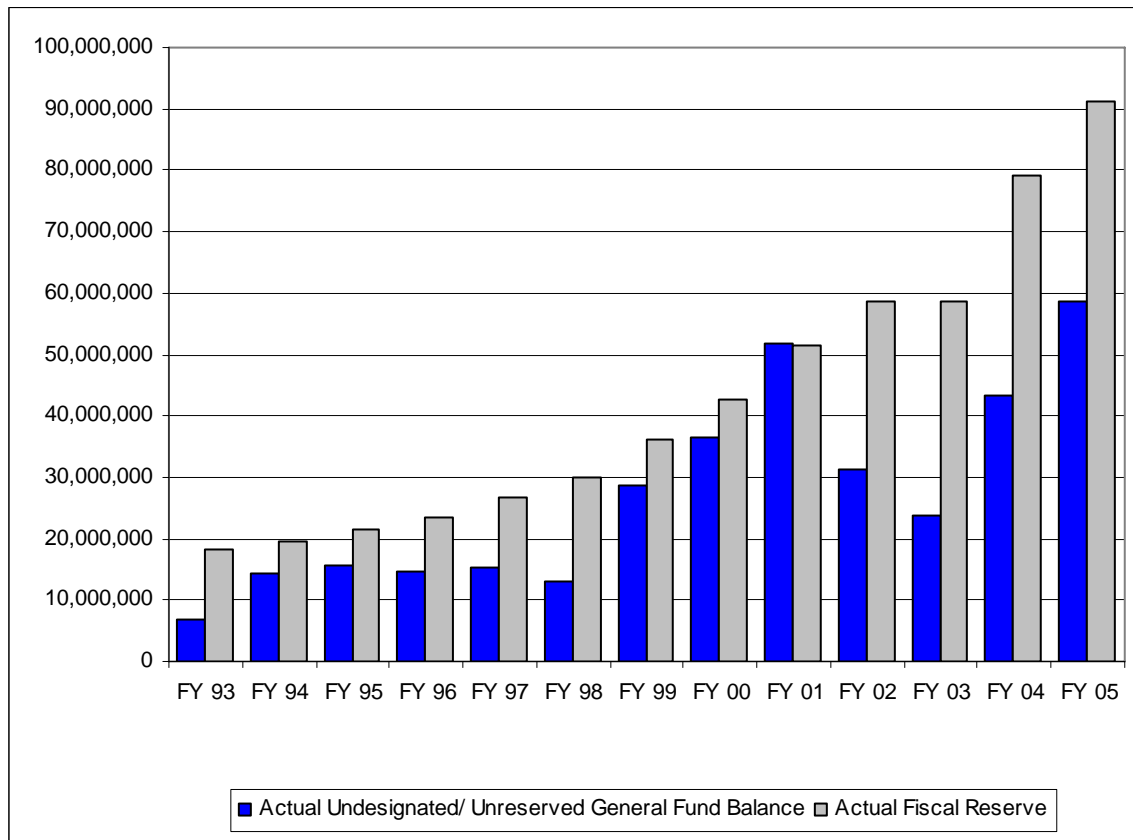
**Per Pupil General Fund Transfer to School System  
FY 1993 - FY 2007**



## Actual Unrestricted/Undesignated General Fund Balance

Unrestricted/undesignated general fund balance is the amount in the general fund which is not reserved or designated for a specific purpose. The fiscal reserve has been on a marked increasing trend since FY 98. In FY 94, the Board of Supervisors established the County's fiscal reserve and adopted a policy that the reserve will always be maintained at 10% of total expenditures. The unrestricted, undesignated general fund balance is in excess of the fiscal reserve.

### Actual Fiscal Reserve and Unrestricted/Undesignated General Fund Balance FY 1993 - FY 2005



*Note 1: Fund balances are as of the end of each fiscal year.*

*Source: Comprehensive Annual Financial Reports.*